

Internal Revenue Service

P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

Date: 10/16/14

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Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND

UIL: 4945.04-04

U= Name
V= Name
X= City
Y= Region Name

b dollars = Amount
c = Quantity
d = Number
e = Number
f = Number

Dear :

You asked for advance approval of your educational grant procedures under Internal Revenue Code section 4945(g)(3). This approval is required because you are a private operating foundation that is exempt from federal income tax.

Our determination

We approved your procedures for awarding educational grants. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding educational grants meet the requirements of Code section 4945(g)(3). As a result, expenditures you make under these procedures won't be taxable.

Description of your request

Your letter indicates you will operate a grant program for internships called U. U's purpose is to further charitable and educational purposes by supporting library, archival and museum research and promoting the study of local and regional culture of Y and to improve and enhance the interns' education in library, archival, and museum sciences. You own and preserve V consisting of materials and historical buildings concerning the history and culture of X and make this material available for interns. These resources will play a central role in U. Interns will also be encouraged to explore other research and

educational facilities in the greater X area. Your internships will be publicized on your website and in your magazine, both of which reach a national and international audience.

You expect about c internship applications annually and plan to award in the range of d internship awards; several of your internships will not result in the payment of any funds (voluntary service interns). Other internship awards will provide reimbursement for streetcar, bus fare and/or parking. Internships available to students residing outside the X metropolitan area may be provided a housing allowance. Also, stipends may be paid to interns not exceeding b dollars per month for a maximum of e months, provided that the intern is making satisfactory progress toward completion of the project. Each grant to an intern will be awarded on an objective and nondiscriminatory basis. Each grant will result in a tangible report and/or guide that you will use in furthering your exempt functions.

Grantee class – Each program is open to American and international undergraduate and advance degree candidates from accredited universities, colleges and academic institutions for whom service as an intern is a graduation requirement within a discipline related to your mission.

Selection criteria -The selection criteria for the internships will include, but not be limited to, the ability of you to benefit from the intern's qualifications and skills coupled with a project to which you can match such skills. Your committee will further consider which candidate is more qualified in background and ability such as fluency in a foreign language when cataloguing non-English collections or training in website development when assisting with your web initiatives. In addition, your committee will consider whether the applicant can complete the project in the period of time designated by the applicant's degree program and which applicants will provide the most substantive potential for benefit to the recipient as well as you. A recipient cannot be related to a member of the selection committee or to any "disqualified persons" in relation to you.

Selection committee - The selection committee will be comprised of your staff members, including the staff member in charge of your program, appropriate department heads, a supervising staff member with whom the intern will have direct daily contact, and any other appropriate staff members. Members of the selection committee will not consist of members of your board of directors. Also, members of the selection committee will not be in a position to receive any private benefit, directly or indirectly, if certain potential interns are selected over others.

Progress reports - For internships lasting f months or less, there will be one formal evaluation at the conclusion of the project. For internships lasting longer than f months, there will be a mid-point progress report as well as a final evaluation. Progress reports will be obtained and verified by you on a monthly basis. Interns who receive any funds from you (reimbursement for streetcar, bus fare and/or parking, housing allowance and monthly stipends) will be required to submit a report and/or guide upon completion of the internship.

Report follow-up - If no report is filed by an intern, or if reports indicate that the funds are not being used in furtherance of internship purposes, a member of your board of directors will investigate the grant. While conducting this investigation, you will withhold future payments to the intern and will take reasonable steps to recover grant funds until it has determined that the funds are being used for their intended exempt purposes.

Recordkeeping - You will retain all records submitted by interns in accordance with your records retention management policy. You will obtain and maintain in your files evidence that no recipient is related to you or to any members of the selection committee.

Basis for our determination

The law imposes certain excise taxes on the taxable expenditures of private foundations (Code section 4945). A taxable expenditure is any amount a private foundation pays as a grant to an individual for travel, study, or other similar purposes. However, a grant that meets all of the following requirements of Code section 4945(g) is not a taxable expenditure.

- The foundation awards the grant on an objective and nondiscriminatory basis.
- The IRS approves in advance the procedure for awarding the grant.
- The grant is:
 - A scholarship or fellowship subject to section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii); or
 - A prize or award subject to the provisions of section 74(b), if the recipient of the prize or award is selected from the general public; or
 - To achieve a specific objective; produce a report or similar product; or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar skill or talent of the recipient.

To receive approval of its educational grant procedures, Treasury Regulations section 53.4945-4(c)(1) requires that a private foundation show:

- The grant procedure includes an objective and nondiscriminatory selection process.
- The grant procedure results in the recipients performing the activities the grants were intended to finance.
- The foundation plans to obtain reports to determine whether the recipients have performed the activities that the grants were intended to finance.

Other conditions that apply to this determination

- This determination covers only the grant program described above. This approval will apply to succeeding grant programs only if their standards and procedures don't differ significantly from those described in your original request.
- This determination applies only to you. It may not be cited as precedent.

- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You may report any significant changes to your program by completing Form 8940 and sending it to the Cincinnati Office of Exempt Organizations at:

Internal Revenue Service
Exempt Organizations Determinations
P.O. Box 2508
Cincinnati, OH 45201

- You cannot make grants to your creators, officers, directors, trustees, foundation managers, or members of selection committees or their relatives.
- All funds distributed to individuals must be made on a charitable basis and must further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with Code section 170(c)(2)(B).
- You should keep adequate records and case histories so that you can substantiate your grant distributions with the IRS if necessary.

Please keep a copy of this letter in your records.

If you have any questions, please contact the person listed at the top of this letter.

Sincerely,

Director, Exempt Organizations